



Cotton and Wool Outlook: April 2022

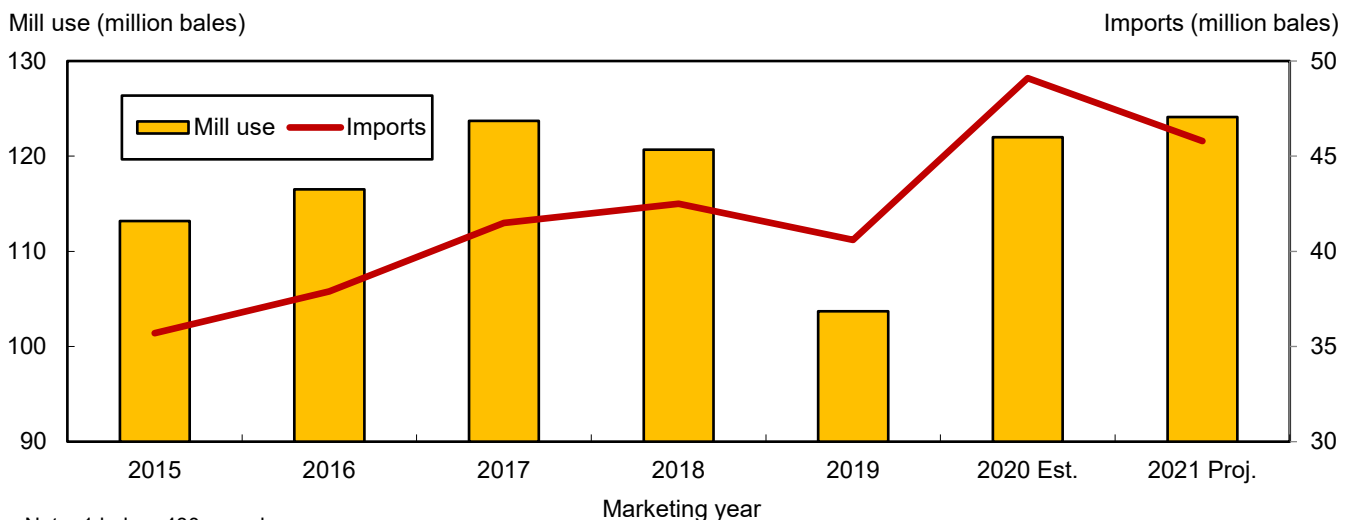
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2021/22 Global Cotton Mill Use Supported by Relatively Strong Imports

The latest U.S. Department of Agriculture (USDA) cotton estimates indicate that global mill use for 2021/22 (August–July) is projected at 124.1 million bales, 1.7 percent (2.1 million bales) above last season and the highest since 2006/07’s record. With cotton product demand remaining healthy, world cotton imports—estimated at 45.8 million bales—are supportive of higher world mill use, although import levels are below the 2020/21 record (figure 1). China once again is expected to account for the largest share of imports and mill use this season.

World cotton production is forecast at 120.2 million bales in 2021/22, 7.5 percent above last season, as a record yield and slightly higher area are projected to push production above the 3-year average. Global exports in 2021/22 are led by the United States, Brazil, and India, accounting for a combined 60 percent of total cotton trade. Meanwhile, world cotton stocks (83.4 million bales) and the stocks-to-use ratio (67 percent) are the lowest in 3 years, supporting this season’s higher cotton prices.

Figure 1
Global cotton mill use and imports



Note: 1 bale = 480 pounds.

Source: USDA, *World Agricultural Supply and Demand Estimates* reports.

Domestic Outlook

U.S. 2021/22 Cotton Supply and Demand Unchanged in April

The 2021/22 U.S. cotton supply remains estimated at 20.8 million bales, 1.1 million below the previous season and the smallest in 6 years. Beginning stocks are estimated at 3.15 million bales—the lowest in 4 years—while production is estimated at 17.6 million bales—equal to the 3-year average. USDA will release final 2021/22 production estimates on May 12.

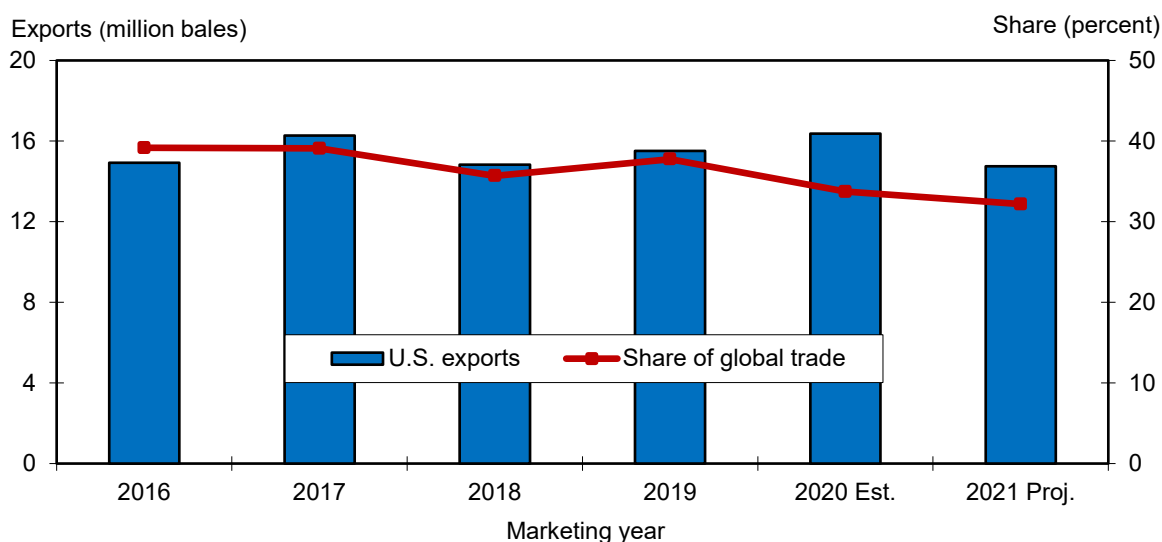
Likewise, the U.S. demand estimate (17.3 million bales) was unchanged in April. U.S. cotton exports continue to account for most of the demand, an estimated 85 percent of the total in 2021/22. U.S. cotton exports are forecast at 14.75 million bales in 2021/22, 10 percent below last season (figure 2). During the first 8 months of the marketing year, U.S. cotton shipments reached only 7.6 million bales, compared with 10.7 million a year earlier, as disruptions in normal seasonal shipping patterns occurred. However, the recent strength of U.S. cotton shipments is expected to continue through the end of 2021/22. Meanwhile, the 2021/22 U.S. share of world trade is estimated slightly below a year ago at 32.2 percent, the lowest in 6 years. On the other hand, 2021/22 U.S. cotton mill use is estimated at 2.55 million bales, the highest in 3 years.

U.S. Ending Stocks Unchanged in April; Farm Price Revised

U.S. ending stocks for 2021/22 are forecast at 3.5 million bales, 11 percent (350,000 bales) above 2020/21 but still one of the lowest levels of the last decade. The current stocks-to-use ratio is estimated at 20 percent, compared with the 5-year average of nearly 24.5 percent. As world cotton demand follows improved global economic conditions in 2022, cotton prices also rose this season. The U.S. average price received by upland cotton producers for 2021/22 is projected at a record 91 cents per pound, compared with 2020/21's average of 66.3 cents.

Figure 2

U.S. cotton exports and share of global trade



Note: 1 bale = 480 pounds.

Source: USDA, *World Agricultural Supply and Demand Estimates* reports.

Additional U.S. Cotton Acreage Projected for 2022

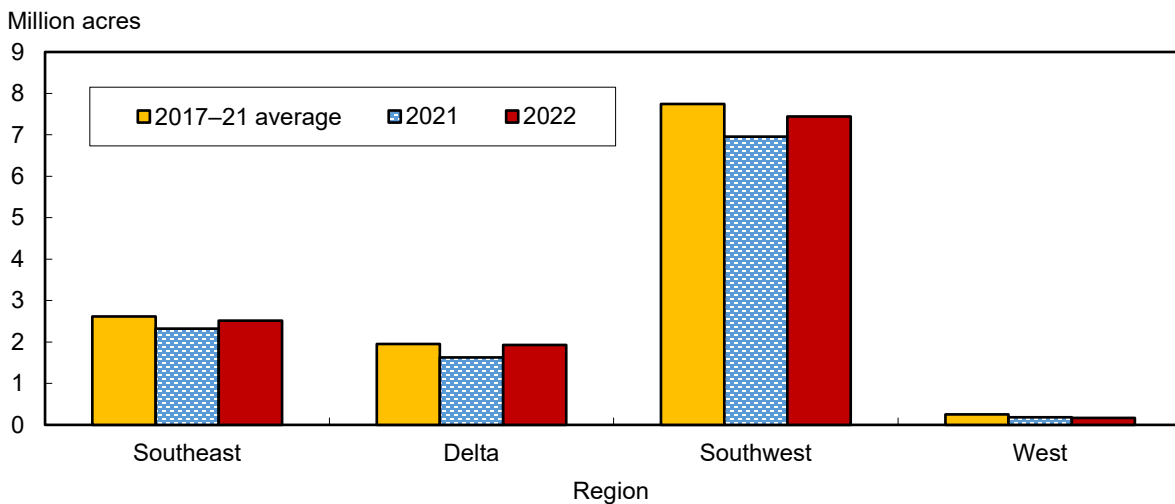
Total U.S. cotton acreage is projected 9 percent higher in 2022 after a decline in 2021. Based on the USDA, National Agricultural Statistics Service’s (NASS) *Prospective Plantings* report that surveyed farmers in early March, producers intended to plant approximately 12.2 million acres of cotton in 2022. The initial projection is approximately 1 million acres above 2021 plantings and the highest in 3 years. Upland acreage is forecast at nearly 12.1 million acres in 2022, while extra-long staple (ELS) area is expected at 176,000 acres, up from last season but one of the lowest of the past decade. For area projections by State and region, see table 10 associated with this report.

Upland cotton area is expected to increase from last season as relative prices for competing crops at the time of the survey were slightly higher than a year ago. Three of the four Cotton Belt regions are forecast to plant more cotton in 2022, with only the West indicating smaller area devoted to cotton (figure 3). Since early March, however, relative prices for competing crops have been favorable. Increased crop production costs will also play a role in area plantings. In addition, the effects of the ongoing drought in Texas may alter plantings from initial indications. As a result, the planting intentions for 2022 may be more tentative than usual. These estimates will be updated at the end of June in USDA, NASS’s *Acreage* report.

The Southwest is projected to plant 7.4 million acres to upland cotton in 2022, about 7 percent (490,000 acres) above 2021 but below the 5-year average of 7.7 million acres. Meanwhile, corn acreage in the region is forecast below 2021 with soybean area forecast to increase in 2022. The Southwest is expected to account for 62 percent of total U.S. upland cotton acreage in 2022, compared with 63 percent during the previous 2 years. Consequently, 2022 production prospects in the region will play a key role in the U.S. cotton crop outcome.

In the Southeast, 2022 cotton plantings are forecast to rise approximately 8 percent (187,000 acres) from a year ago to 2.5 million acres, as lower corn and peanut area is expected there this season. Cotton acreage in the Southeast is forecast to account for 21 percent of the U.S. upland total, equal to the 5-year average. In the Delta—where cotton area is expected to increase 18 percent (300,000 acres)—2022 cotton acreage is projected at 1.9 million acres.

Figure 3
U.S. regional upland cotton planted area



Note: 2022 based on *Prospective Plantings* report.
 Source: USDA, National Agricultural Statistics Service, *Crop Production* reports.

Meanwhile, 2022 area reductions there are indicated for corn, but soybean area is anticipated higher. Delta cotton plantings are expected at their highest in 3 years, accounting for 16 percent of the total upland cotton acreage in 2022.

Upland cotton area in the West is forecast at only 170,000 acres in 2022, 7 percent (12,000 acres) below 2021 and near the recent recorded low in 2015. In 2022, the region's upland cotton acreage is expected to account for less than 1.5 percent of the U.S. total, the smallest share in more than 80 years. Meanwhile, ELS cotton area—grown mainly in the West—is forecast to rebound moderately from 2021's 35-year low, reaching 176,000 acres in 2022. A considerably higher ELS/upland price ratio this spring is expected to boost ELS plantings; however, limited irrigation supplies in the West are forecast to keep total ELS area below the 5-year average of 212,000 acres. The West region will account for 87.5 percent of the total ELS cotton area in 2022, with Texas accounting for the remaining 12.5 percent.

International Outlook

Global Cotton Production Higher in 2021/22

World cotton production in 2021/22 is forecast at 120.2 million bales, 8.4 million (7.5 percent) higher than last season and above the 5-year average despite declines in the 2 largest producing countries—China and India. Global harvested area in 2021/22 is also higher at 32.1 million hectares (79.2 million acres) but below the 5-year average of 32.5 million hectares. The global yield is forecast at 816 kilograms (kg) per hectare (728 pounds per acre) in 2021/22, 5 percent above the previous season and a record.

Crop prospects in 2021/22 are mixed among the major cotton-producing countries, with higher production estimated for the United States, Brazil, Pakistan, and Australia somewhat offset by smaller crops in China and India. Production in China—the leading cotton producer in 2021/22—is forecast at 27.0 million bales, as lower area and yield reduced the crop 2.5 million bales (8.5 percent) from a year ago. Harvested area of 3.1 million hectares is the lowest in 5 years. Meanwhile, China's 2021/22 yield (1,896 kg per hectare) remains the second highest behind 2020/21's record of 1,976 kg per hectare. Production in India is estimated 4 percent lower for 2021/22 at 26.5 million bales, the smallest crop in 3 years. India's area is at a 5-year low of 12.15 million hectares, while the yield is projected at a 4-year high of 475 kg per hectare.

In contrast, larger cotton production is estimated for most of the major producing countries. In the United States, 2021/22 production is forecast at 17.6 million bales, nearly 21 percent (3 million bales) above the previous season, the result of increased harvested area as yield was nearly unchanged. For Brazil, the cotton crop is expected to rebound from 2020/21 to 13.2 million bales, as both area and yield increased in 2021/22. Harvested area is estimated at 1.6 million hectares with a yield (1,796 kg per hectare) forecast near the 2019/20 record of 1,802 kg per hectare. Pakistan's production (6 million bales) is forecast to recover from a 2020/21 crop that was the lowest in over 35 years. While Pakistan's harvested area (2 million hectares) is projected at its lowest in 40 years, the yield (653 kg per hectare) is forecast at its highest in 3 years. For Australia, 2021/22 cotton production is projected at 5.5 million bales, nearly double last season's crop and the largest in 10 years. Harvested area (600,000 hectares) in 2021/22 is also the largest in a decade, with a yield estimated at 1,996 kg per hectare.

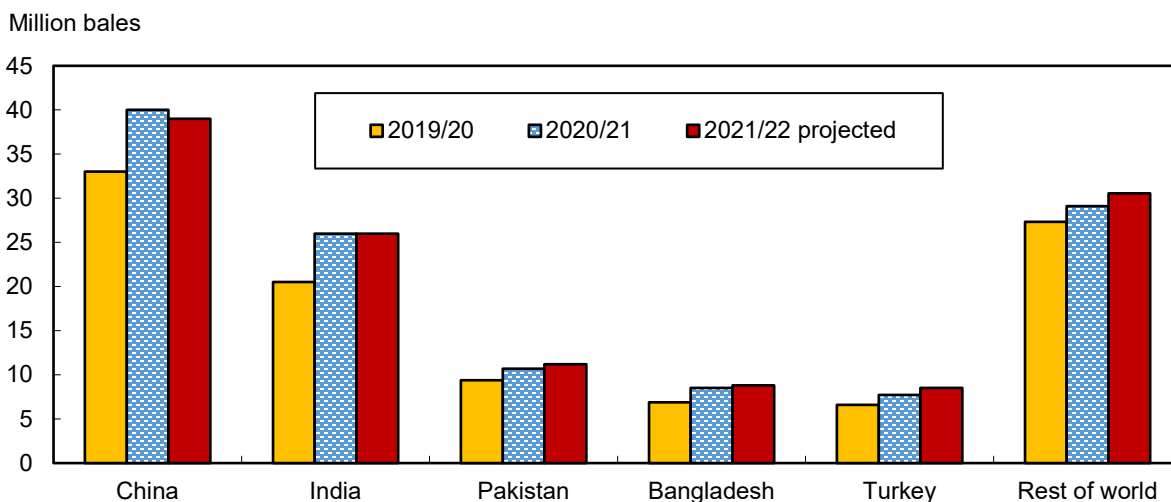
World Cotton Mill Use Estimated Larger in 2021/22

Global cotton mill use in 2021/22 is projected at 124.1 million bales, 1.7 percent (2.1 million bales) above last season—a growth rate near the long-term average. Mill use is forecast at its second highest on record behind 2006/07's level of 124.2 million bales. Increased consumer demand for cotton products in large part reflects improved global economic conditions compared with a year earlier. While the top 5 consuming countries are forecast to account for more than 75 percent of the global total once again in 2021/22, year-over-year changes in cotton mill use varied by country, with the overall growth led by many of the smaller-spinning countries (figure 4).

For China, cotton mill use is forecast at 39 million bales in 2021/22, 2.5 percent (1 million bales) below a year earlier. Despite the reduction, China remains the largest user of raw cotton, accounting for 31 percent of the global total. For India, cotton consumption is projected to remain at a record 26 million bales in 2021/22—21 percent of the world total. Mill use gains, however, are forecast for numerous countries in 2021/22, as global economic activity supports

the growth. For Pakistan, cotton mill use is forecast at 11.2 million bales (+500,000 bales), the highest in over a decade. In addition, cotton mill use in Bangladesh, Turkey, and Vietnam is each expected to reach a record in 2021/22 at 8.8 million bales (+300,000 bales), 8.5 million bales (+800,000), and 7.5 million bales (+200,000), respectively.

Figure 4
Leading global cotton consumers



Note: 1 bale = 480 pounds.

Source: USDA, *World Agricultural Supply and Demand Estimates* reports.

World Cotton Trade Below 2020/21 Record; Ending Stocks Reduced in 2021/22

Although near-record global cotton mill use is estimated this season, world cotton trade is forecast to decrease approximately 5.5 percent from 2020/21's record of 48.5 million bales. Global cotton imports are led by China, Bangladesh, and Vietnam in 2021/22 and account for a combined 55 percent of the total. China is forecast to remain the largest importer in 2021/22, with imports projected at 9.2 million bales, compared with 12.9 million bales in 2020/21. For Bangladesh, imports are forecast 5 percent lower at 8.3 million bales—despite 2021/22's record mill use—as stocks increased due to record imports in 2020/21. In contrast, Vietnam is expected to increase its imports 2.5 percent in 2021/22 to 7.5 million bales, which is equal to its record mill use forecast.

Global cotton exports in 2021/22 are projected at 45.8 million bales, 2.7 million below 2020/21. Export reductions are led by Brazil, the United States, and India but are somewhat offset by increases for Australia and others. Brazil's cotton exports are forecast at 7.9 million bales this season, down from 11 million bales in 2020/21. As previously discussed, U.S. exports are forecast 10 percent lower at 14.75 million bales. In addition, India's cotton exports are forecast 1 million bales lower to 5.2 million. In contrast, Australia's cotton exports are forecast at 4.4 million bales (+2.8 million), a result of the country's largest crop in a decade.

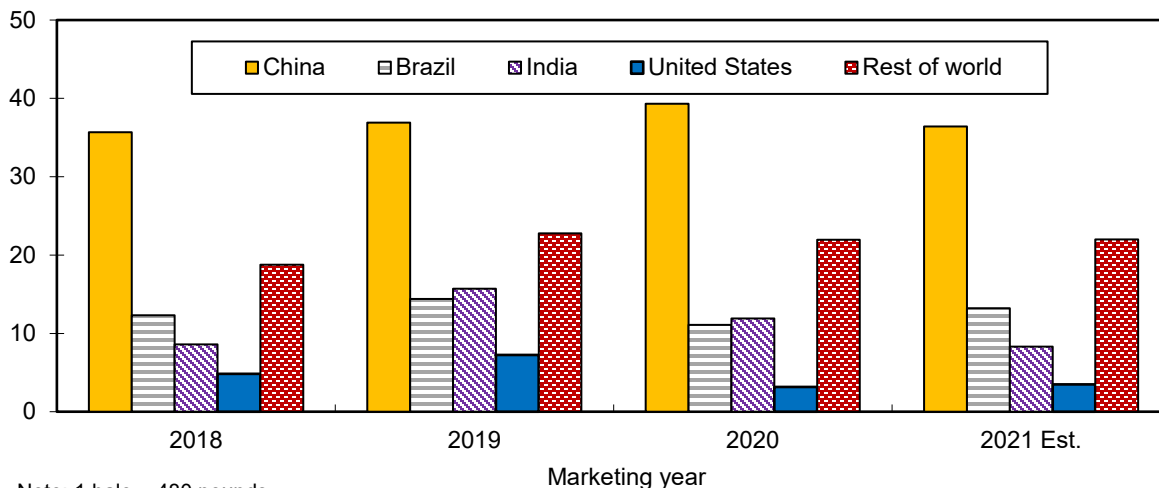
Based on these global cotton supply and demand estimates, 2021/22 world stocks are projected to decline 4 million bales (4.5 percent) from the previous year to 83.4 million bales. China continues to hold the largest cotton stocks this season, with supplies in Brazil and India running

a distant second and third (figure 5). Stocks in China are forecast at 36.4 million bales in 2021/22, nearly 2.9 million bales below 2020/21, but still account for about 44 percent of the estimated global total. Ending stocks in Brazil are forecast higher at 13.2 million bales (16 percent of the total), while stocks in India are projected lower at 8.3 million bales (10 percent of global stocks). Meanwhile, stocks for the rest of the world are forecast at a similar level this season. Overall, global cotton stocks and the stocks-to-use ratio in 2021/22 are forecast at their lowest in 3 years, which is supportive of the higher global cotton prices seen this season.

Figure 5

Global cotton ending stocks

Million bales



Note: 1 bale = 480 pounds.

Source: USDA, *World Agricultural Supply and Demand Estimates* reports.

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